



THE COMMONWEALTH OF MASSACHUSETTS

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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January 31, 2006

Joseph A. Ferro
Manager, Regulatory Policy
Bay State Gas Company
300 Friberg Parkway
Westborough, MA. 01581-5039

Re: Bay State Gas Company, D.T.E. 05-GAF-P1
February 2006 Revised Peak CGAC Filing

Dear Mr. Ferro:

The Department of Telecommunications and Energy ("Department") hereby gives conditional approval to Bay State Gas Company's ("Company") revised Peak Cost of Gas Adjustment Factor ("GAF") of \$1.2356 per therm for low-load factor customers and \$1.2102 per therm for high-load factor customers as filed with the Department on January 23, 2006. The GAFs are to be applied to firm gas sales during the billing period of February 1, 2006, through April 30, 2006.

The Department allows the application of the GAF but may, if future conditions warrant, change the factor or the method of computation. The Department may, as conditions

warrant, also require the Company to refund to its customers any amounts that are, upon later review of Company filings or of other relevant evidence, found by the Department to be the result of imprudent Company action.

By Order of the Department,

/s/
Judith F. Judson, Chairman

/s/
James Connelly, Commissioner

/s/
W. Robert Keating, Commissioner

/s/
Paul G. Afonso, Commissioner

/s/
Brian Paul Golden, Commissioner

cc: Joseph Rogers, Assistant Attorney General
Mary Cottrell, Secretary